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### The worst unemployment figures

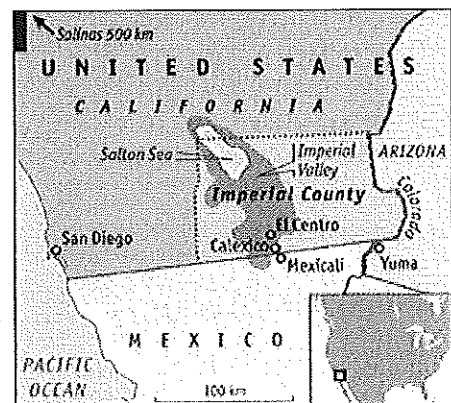
## Benefits and the border

Aug 20th 2009 | EL CENTRO, CALIFORNIA  
From The Economist print edition

### A simple but awkward explanation for the highest jobless rate in America

THE small city of El Centro, “the centre” in Spanish, is the centre of nothing obvious except an unforgiving desert. It is, rather, at the very edge of America, blending into Calexico, the border town that leads to the much larger Mexican industrial city of Mexicali. But El Centro has been receiving unusual amounts of attention because it is the metropolitan area that has America’s worst unemployment—at 27.5%, as of June, almost three times the then national rate of 9.7%.

“We’re not disputing the numbers, but there are numbers missing,” says Ruben Duran, the city manager, or equivalent of mayor. He has tolerated with good humour a steady influx of journalists determined to declare El Centro the “centre of the Great Recession”. Whatever it is, it is not that.



The locals admit that El Centro—and indeed all of Imperial County, of which it is the seat—is rather a boring place. In the winter there is fun to be had by racing over the nearby sand dunes in four-wheel-drive buggies. In the summer though, when the heat reaches 45°C (113°F) degrees and metal door knobs are scalding on the outside, the streets are empty as families spend air-conditioned time indoors. But despite the gloomy figures, the place is far from squalid. There are several well-attended Starbucks outlets, and a four-year-old mall does brisk business.

El Centro’s employment is dominated by federal, state and local government, in particular two nearby prisons and the ubiquitous Border Patrol, all relatively untouched by recession. The housing bust has destroyed some jobs in construction, but that is true of many places.

Fluctuations in the job market tend to be seasonal rather than cyclical because of the agricultural calendar, a point that Mr Duran illustrates with his favourite research toy, Google Earth. Zooming out from El Centro, he shows green rectangles in the white desert where lettuce, carrots and a few other crops are grown with water tapped from the Colorado river and brought in through the All-American Canal along the Mexican border (the scarce groundwater is brackish).

Every winter, between November and March, El Centro bursts into activity as pickers work 12 hours a day to harvest lettuce for \$8-10 an hour. The unemployment rate drops by a few percentage points. Then, in March, the harvest moves north to places such as Salinas. In the old days the pickers migrated, but these days they stay and collect unemployment benefits during the summer months.

Seasonal variations, however, are common to all farming areas. They don’t explain a stubborn “baseline” unemployment of about 12% that never goes away, says Mr Duran. He zooms out further in Google Earth to display the single vast conurbation that is El Centro, Calexico and Mexicali, with one tentacle reaching toward Yuma, Arizona, which, at 23.1%, happens to have the second-highest unemployment rate in America after El Centro. Here is the answer, he says, pointing at the map.

El Centro is about 70% Hispanic, and Spanish is the dominant language on the radio and streets. But illegal immigrants from Mexico tend to move through Imperial County and beyond it. The Latinos who remain are mostly dual citizens or green-card holders, who go back and forth across the border with relative ease.

Many families live in both places, and many Mexicali mothers carpool to drive their children across the border to schools in El Centro, then recharge at Starbucks and Macy’s before driving back to Mexico. A lot of the cars parked at the mall have Mexican licence-plates. Timothy Kelly, the boss of the Imperial Valley Economic

Development Corporation, estimates there are also some 40,000 to 60,000 people who live in Mexicali but work in El Centro.

By the same token, there must be people who live in El Centro, at least officially, and work in Mexicali making windscreens and refrigerators. Many of them might nonetheless collect unemployment benefit in El Centro at the same time. "If we added the Mexicali jobs, then we would have a normal unemployment rate," argues Mr Duran.

This explanation seems anecdotally plausible. Francisca German, a manager at One Stop, an agency that tries to help people find jobs, says that, of the 3,000 people or so who come through her door every month, many are "not motivated" to find jobs, but just need proof that they tried. Others, of course, make a genuine effort.

Mr Kelly in El Centro, meanwhile, does not intend to imply that unemployment fraud explains all of El Centro's problems. Many of its people lack the education and proficiency in English for modern jobs. But Imperial Valley does show great promise for the green economy. Two companies have set up shop to harvest geothermal energy—photoelectric energy will surely be another runner as the technology improves—and Mr Kelly is inviting others. Biomass projects, involving growing algae on nearby lakes, are another option under consideration. El Centro is likely to stay what it is: neither forsaken nor bustling, but simply on the border.

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